

Union Calendar No. 251

105TH CONGRESS
2^D Session

H. R. 2870

[Report No. 105-443]

A BILL

To amend the Foreign Assistance Act of 1961 to facilitate protection of tropical forests through debt reduction with developing countries with tropical forests.

MARCH 13, 1998

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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To amend the Foreign Assistance Act of 1961 to facilitate protection of tropical forests through debt reduction with developing countries with tropical forests.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 7, 1997

Mr. PORTMAN (for himself, Mr. KASICH, and Mr. HAMILTON) introduced the following bill; which was referred to the Committee on International Relations

MARCH 13, 1998

Additional sponsors: Ms. FURSE, Mr. EWING, Mr. HASTERT, Mrs. MALONEY of New York, Mr. KLUG, Ms. PRYCE of Ohio, Mr. LATOURETTE, Mr. CHABOT, Mr. BROWN of Ohio, Mr. STOKES, Mr. SAWYER, Mr. PASTOR, Mr. CAMP, Mr. LATHAM, Mr. FALEOMAVAEGA, Mr. LIPINSKI, Mr. WEXLER, Mr. KOLBE, Mr. DOOLEY of California, Mr. SHERMAN, Mr. GALLEGLY, Mr. ACKERMAN, Mr. LUTHER, Mr. BILBRAY, Mrs. KELLY, Mr. HOBSON, Mr. LEACH, Mr. SHAYS, Mr. MCHUGH, Ms. WOOLSEY, Mr. GUTIERREZ, Mr. LANTOS, Mr. BALLENGER, Mr. CAMPBELL, Mr. SMITH of New Jersey, Mr. SKAGGS, Mr. FRANK of Massachusetts, Mr. ENGLISH of Pennsylvania, Mr. BEREUTER, Mr. MANZULLO, Ms. KAPTUR, and Mr. PORTER

MARCH 13, 1998

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on November 7, 1997]

A BILL

To amend the Foreign Assistance Act of 1961 to facilitate protection of tropical forests through debt reduction with developing countries with tropical forests.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. DEBT REDUCTION FOR DEVELOPING COUN-**
4 **TRIES WITH TROPICAL FORESTS.**

5 *The Foreign Assistance Act of 1961 (22 U.S.C. 2151*
6 *et seq.) is amended by adding at the end the following:*

7 **“PART V—DEBT REDUCTION FOR DEVELOPING**
8 **COUNTRIES WITH TROPICAL FORESTS**

9 **“SEC. 801. SHORT TITLE.**

10 *“This part may be cited as the ‘Tropical Forest Con-*
11 *servation Act of 1998’.*

12 **“SEC. 802. FINDINGS AND PURPOSES.**

13 *“(a) FINDINGS.—The Congress finds the following:*

14 *“(1) It is the established policy of the United*
15 *States to support and seek protection of tropical for-*
16 *ests around the world.*

17 *“(2) Tropical forests provide a wide range of*
18 *benefits to humankind by—*

1 “(A) harboring a major share of the Earth’s
2 biological and terrestrial resources, which are the
3 basis for developing pharmaceutical products
4 and revitalizing agricultural crops;

5 “(B) playing a critical role as carbon sinks
6 in reducing greenhouse gases in the atmosphere,
7 thus moderating potential global climate change;
8 and

9 “(C) regulating hydrological cycles on
10 which far-flung agricultural and coastal re-
11 sources depend.

12 “(3) International negotiations and assistance
13 programs to conserve forest resources have proliferated
14 over the past decade, but the rapid rate of tropical de-
15 forestation continues unabated.

16 “(4) Developing countries with urgent needs for
17 investment and capital for development have allocated
18 a significant amount of their forests to logging conces-
19 sions.

20 “(5) Poverty and economic pressures on the pop-
21 ulations of developing countries have, over time, re-
22 sulted in clearing of vast areas of forest for conversion
23 to agriculture, which is often unsustainable in the
24 poor soils underlying tropical forests.

1 “(6) *Debt reduction can reduce economic pres-*
 2 *ures on developing countries and result in increased*
 3 *protection for tropical forests.*

4 “(b) *PURPOSES.—The purposes of this part are—*

5 “(1) *to recognize the values received by United*
 6 *States citizens from protection of tropical forests;*

7 “(2) *to facilitate greater protection of tropical*
 8 *forests (and to give priority to protecting tropical for-*
 9 *ests with the highest levels of biodiversity and under*
 10 *the most severe threat) by providing for the allevi-*
 11 *ation of debt in countries where tropical forests are*
 12 *located, thus allowing the use of additional resources*
 13 *to protect these critical resources and reduce economic*
 14 *pressures that have led to deforestation;*

15 “(3) *to ensure that resources freed from debt in*
 16 *such countries are targeted to protection of tropical*
 17 *forests and their associated values; and*

18 “(4) *to rechannel existing resources to facilitate*
 19 *the protection of tropical forests.*

20 **“SEC. 803. DEFINITIONS.**

21 *“As used in this part:*

22 “(1) *ADMINISTERING BODY.—The term ‘admin-*
 23 *istering body’ means the entity provided for in section*
 24 *809(c).*

1 “(2) *APPROPRIATE CONGRESSIONAL COMMIT-*
2 *TEES.*—*The term ‘appropriate congressional commit-*
3 *tees’ means—*

4 “(A) *the Committee on International Rela-*
5 *tions and the Committee on Appropriations of*
6 *the House of Representatives; and*

7 “(B) *the Committee on Foreign Relations*
8 *and the Committee on Appropriations of the*
9 *Senate.*

10 “(3) *BENEFICIARY COUNTRY.*—*The term ‘bene-*
11 *ficiary country’ means an eligible country with re-*
12 *spect to which the authority of section 806(a)(1), sec-*
13 *tion 807(a)(1), or paragraph (1) or (2) of section*
14 *808(a) is exercised.*

15 “(4) *BOARD.*—*The term ‘Board’ means the board*
16 *referred to in section 811.*

17 “(5) *DEVELOPING COUNTRY WITH A TROPICAL*
18 *FOREST.*—*The term ‘developing country with a tropi-*
19 *cal forest’ means—*

20 “(A)(i) *a country that has a per capita in-*
21 *come of \$725 or less in 1994 United States dol-*
22 *lars (commonly referred to as ‘low-income coun-*
23 *try’), as determined and adjusted on an annual*
24 *basis by the International Bank for Reconstruc-*

tion and Development in its World Development Report; or

“(ii) a country that has a per capita income of more than \$725 but less than \$8,956 in 1994 United States dollars (commonly referred to as ‘middle-income country’), as determined and adjusted on an annual basis by the International Bank for Reconstruction and Development in its World Development Report; and

“(B) a country that contains at least one tropical forest that is globally outstanding in terms of its biological diversity or represents one of the larger intact blocks of tropical forests left, on a regional, continental, or global scale.

“(6) *ELIGIBLE COUNTRY*.—The term ‘eligible country’ means a country designated by the President in accordance with section 805.

“(7) *TROPICAL FOREST AGREEMENT*.—The term ‘Tropical Forest Agreement’ or ‘Agreement’ means a Tropical Forest Agreement provided for in section 809.

“(8) *TROPICAL FOREST FACILITY*.—The term ‘Tropical Forest Facility’ or ‘Facility’ means the Tropical Forest Facility established in the Department of the Treasury by section 804.

1 “(9) *TROPICAL FOREST FUND.*—*The term ‘Tropi-*
2 *cal Forest Fund’ or ‘Fund’ means a Tropical Forest*
3 *Fund provided for in section 810.*

4 **“SEC. 804. ESTABLISHMENT OF THE FACILITY.**

5 *“There is established in the Department of the Treas-*
6 *ury an entity to be known as the ‘Tropical Forest Facility’*
7 *for the purpose of providing for the administration of debt*
8 *reduction in accordance with this part.*

9 **“SEC. 805. ELIGIBILITY FOR BENEFITS.**

10 *“(a) IN GENERAL.—To be eligible for benefits from the*
11 *Facility under this part, a country shall be a developing*
12 *country with a tropical forest—*

13 *“(1) whose government meets the requirements*
14 *applicable to Latin American or Caribbean countries*
15 *under paragraphs (1) through (5) and (7) of section*
16 *703(a) of this Act;*

17 *“(2) that has put in place major investment re-*
18 *forms, as evidenced by the conclusion of a bilateral*
19 *investment treaty with the United States, implemen-*
20 *tation of an investment sector loan with the Inter-*
21 *American Development Bank, World Bank-supported*
22 *investment reforms, or other measures, as appro-*
23 *priate; and*

1 “(3) *whose government meets other requirements*
 2 *related to its environmental policies and practices, as*
 3 *determined by the President.*

4 “(b) *ELIGIBILITY DETERMINATIONS.—*

5 “(1) *IN GENERAL.—Consistent with subsection*
 6 *(a), the President shall determine whether a country*
 7 *is eligible to receive benefits under this part.*

8 “(2) *CONGRESSIONAL NOTIFICATION.—The Presi-*
 9 *dent shall notify the appropriate congressional com-*
 10 *mittees of his intention to designate a country as an*
 11 *eligible country at least 15 days in advance of any*
 12 *formal determination.*

13 **“SEC. 806. REDUCTION OF DEBT OWED TO THE UNITED**
 14 **STATES AS A RESULT OF CONCESSIONAL**
 15 **LOANS UNDER THE FOREIGN ASSISTANCE**
 16 **ACT OF 1961.**

17 “(a) *AUTHORITY TO REDUCE DEBT.—*

18 “(1) *AUTHORITY.—The President may reduce the*
 19 *amount owed to the United States (or any agency of*
 20 *the United States) that is outstanding as of January*
 21 *1, 1997, as a result of concessional loans made to an*
 22 *eligible country by the United States under part I of*
 23 *this Act, chapter 4 of part II of this Act, or prede-*
 24 *cessor foreign economic assistance legislation.*

1 “(2) *AUTHORIZATION OF APPROPRIATIONS.*—*For*
 2 *the cost (as defined in section 502(5) of the Federal*
 3 *Credit Reform Act of 1990) for the reduction of any*
 4 *debt pursuant to this section, there are authorized to*
 5 *be appropriated to the President—*

6 “(A) \$25,000,000 for fiscal year 1999;

7 “(B) \$75,000,000 for fiscal year 2000; and

8 “(C) \$100,000,000 for fiscal year 2001.

9 “(3) *CERTAIN PROHIBITIONS INAPPLICABLE.*—

10 “(A) *IN GENERAL.*—*A reduction of debt*
 11 *pursuant to this section shall not be considered*
 12 *assistance for purposes of any provision of law*
 13 *limiting assistance to a country.*

14 “(B) *ADDITIONAL REQUIREMENT.*—*The au-*
 15 *thority of this section may be exercised notwith-*
 16 *standing section 620(r) of this Act or section 321*
 17 *of the International Development and Food As-*
 18 *istance Act of 1975.*

19 “(b) *IMPLEMENTATION OF DEBT REDUCTION.*—

20 “(1) *IN GENERAL.*—*Any debt reduction pursuant*
 21 *to subsection (a) shall be accomplished at the direc-*
 22 *tion of the Facility by the exchange of a new obliga-*
 23 *tion for obligations of the type referred to in sub-*
 24 *section (a) outstanding as of the date specified in sub-*
 25 *section (a)(1).*

1 “(2) *EXCHANGE OF OBLIGATIONS.*—

2 “(A) *IN GENERAL.*—*The Facility shall no-*
 3 *tify the agency primarily responsible for admin-*
 4 *istering part I of this Act of an agreement en-*
 5 *tered into under paragraph (1) with an eligible*
 6 *country to exchange a new obligation for out-*
 7 *standing obligations.*

8 “(B) *ADDITIONAL REQUIREMENT.*—*At the*
 9 *direction of the Facility, the old obligations that*
 10 *are the subject of the agreement shall be canceled*
 11 *and a new debt obligation for the country shall*
 12 *be established relating to the agreement, and the*
 13 *agency primarily responsible for administering*
 14 *part I of this Act shall make an adjustment in*
 15 *its accounts to reflect the debt reduction.*

16 “(c) *ADDITIONAL TERMS AND CONDITIONS.*—*The fol-*
 17 *lowing additional terms and conditions shall apply to the*
 18 *reduction of debt under subsection (a)(1) in the same man-*
 19 *ner as such terms and conditions apply to the reduction*
 20 *of debt under section 704(a)(1) of this Act:*

21 “(1) *The provisions relating to repayment of*
 22 *principal under section 705 of this Act.*

23 “(2) *The provisions relating to interest on new*
 24 *obligations under section 706 of this Act.*

1 **“SEC. 807. REDUCTION OF DEBT OWED TO THE UNITED**
2 **STATES AS A RESULT OF CREDITS EXTENDED**
3 **UNDER TITLE I OF THE AGRICULTURAL**
4 **TRADE DEVELOPMENT AND ASSISTANCE ACT**
5 **OF 1954.**

6 *“(a) AUTHORITY TO REDUCE DEBT.—*

7 *“(1) AUTHORITY.—Notwithstanding any other*
8 *provision of law, the President may reduce the*
9 *amount owed to the United States (or any agency of*
10 *the United States) that is outstanding as of January*
11 *1, 1997, as a result of any credits extended under title*
12 *I of the Agricultural Trade Development and Assist-*
13 *ance Act of 1954 (7 U.S.C. 1701 et seq.) to a country*
14 *eligible for benefits from the Facility.*

15 *“(2) AUTHORIZATION OF APPROPRIATIONS.—*

16 *“(A) IN GENERAL.—For the cost (as defined*
17 *in section 502(5) of the Federal Credit Reform*
18 *Act of 1990) for the reduction of any debt pursu-*
19 *ant to this section, there are authorized to be ap-*
20 *propriated to the President—*

21 *“(i) \$25,000,000 for fiscal year 1999;*

22 *“(ii) \$50,000,000 for fiscal year 2000;*

23 *and*

24 *“(iii) \$50,000,000 for fiscal year 2001.*

25 *“(B) LIMITATION.—The authority provided*
26 *by this section shall be available only to the ex-*

1 *tent that appropriations for the cost (as defined*
 2 *in section 502(5) of the Federal Credit Reform*
 3 *Act of 1990) of the modification of any debt pur-*
 4 *suant to this section are made in advance.*

5 “(b) *IMPLEMENTATION OF DEBT REDUCTION.*—

6 “(1) *IN GENERAL.*—*Any debt reduction pursuant*
 7 *to subsection (a) shall be accomplished at the direc-*
 8 *tion of the Facility by the exchange of a new obliga-*
 9 *tion for obligations of the type referred to in sub-*
 10 *section (a) outstanding as of the date specified in sub-*
 11 *section (a)(1).*

12 “(2) *EXCHANGE OF OBLIGATIONS.*—

13 “(A) *IN GENERAL.*—*The Facility shall no-*
 14 *tify the Commodity Credit Corporation of an*
 15 *agreement entered into under paragraph (1)*
 16 *with an eligible country to exchange a new obli-*
 17 *gation for outstanding obligations.*

18 “(B) *ADDITIONAL REQUIREMENT.*—*At the*
 19 *direction of the Facility, the old obligations that*
 20 *are the subject of the agreement shall be canceled*
 21 *and a new debt obligation shall be established for*
 22 *the country relating to the agreement, and the*
 23 *Commodity Credit Corporation shall make an*
 24 *adjustment in its accounts to reflect the debt re-*
 25 *duction.*

1 “(c) *ADDITIONAL TERMS AND CONDITIONS.*—*The fol-*
 2 *lowing additional terms and conditions shall apply to the*
 3 *reduction of debt under subsection (a)(1) in the same man-*
 4 *ner as such terms and conditions apply to the reduction*
 5 *of debt under section 604(a)(1) of the Agricultural Trade*
 6 *Development and Assistance Act of 1954 (7 U.S.C. 1738c):*

7 “(1) *The provisions relating to repayment of*
 8 *principal under section 605 of such Act.*

9 “(2) *The provisions relating to interest on new*
 10 *obligations under section 606 of such Act.*

11 **“SEC. 808. AUTHORITY TO ENGAGE IN DEBT-FOR-NATURE**
 12 **SWAPS AND DEBT BUYBACKS.**

13 “(a) *LOANS AND CREDITS ELIGIBLE FOR SALE, RE-*
 14 *DUCTION, OR CANCELLATION.*—

15 “(1) *DEBT-FOR-NATURE SWAPS.*—

16 “(A) *IN GENERAL.*—*Notwithstanding any*
 17 *other provision of law, the President may, in ac-*
 18 *cordance with this section, sell to any eligible*
 19 *purchaser described in subparagraph (B) any*
 20 *concessional loans described in section 806(a)(1)*
 21 *or any credits described in section 807(a)(1), or*
 22 *on receipt of payment from an eligible purchaser*
 23 *described in subparagraph (B), reduce or cancel*
 24 *such loans (or credits) or portion thereof, only*
 25 *for the purpose of facilitating a debt-for-nature*

1 *swap to support eligible activities described in*
2 *section 809(d).*

3 “(B) *ELIGIBLE PURCHASER DESCRIBED.*—
4 *A loan or credit may be sold, reduced, or can-*
5 *canceled under subparagraph (A) only to a pur-*
6 *chaser who presents plans satisfactory to the*
7 *President for using the loan or credit for the*
8 *purpose of engaging in debt-for-nature swaps to*
9 *support eligible activities described in section*
10 *809(d).*

11 “(C) *CONSULTATION REQUIREMENT.*—*Be-*
12 *fore the sale under subparagraph (A) to any eli-*
13 *gible purchaser described in subparagraph (B),*
14 *or any reduction or cancellation under such sub-*
15 *paragraph (A), of any loan or credit made to an*
16 *eligible country, the President shall consult with*
17 *the country concerning the amount of loans or*
18 *credits to be sold, reduced, or canceled and their*
19 *uses for debt-for-nature swaps to support eligible*
20 *activities described in section 809(d).*

21 “(D) *AUTHORIZATION OF APPROPRIA-*
22 *TIONS.*—*For the cost (as defined in section*
23 *502(5) of the Federal Credit Reform Act of 1990)*
24 *for the reduction of any debt pursuant to sub-*
25 *paragraph (A), amounts authorized to be appro-*

1 *priated under sections 806(a)(2) and 807(a)(2)*
2 *shall be made available for such reduction of debt*
3 *pursuant to subparagraph (A).*

4 “(2) *DEBT BUYBACKS.*—*Notwithstanding any*
5 *other provision of law, the President may, in accord-*
6 *ance with this section, sell to any eligible country any*
7 *concessional loans described in section 806(a)(1) or*
8 *any credits described in section 807(a)(1), or on re-*
9 *ceipt of payment from an eligible country, reduce or*
10 *cancel such loans (or credits) or portion thereof, only*
11 *for the purpose of facilitating a debt buyback by an*
12 *eligible country of its own qualified debt, only if the*
13 *eligible country uses an additional amount of the*
14 *local currency of the eligible country, equal to not less*
15 *than the lesser of 40 percent of the price paid for such*
16 *debt by such eligible country, or the difference between*
17 *the price paid for such debt and the face value of such*
18 *debt, to support eligible activities described in section*
19 *809(d).*

20 “(3) *LIMITATION.*—*The authority provided by*
21 *paragraphs (1) and (2) shall be available only to the*
22 *extent that appropriations for the cost (as defined in*
23 *section 502(5) of the Federal Credit Reform Act of*
24 *1990) of the modification of any debt pursuant such*
25 *paragraphs are made in advance.*

1 “(4) *TERMS AND CONDITIONS.*—Notwithstanding
 2 any other provision of law, the President shall, in ac-
 3 cordance with this section, establish the terms and
 4 conditions under which loans and credits may be sold,
 5 reduced, or canceled pursuant to this section.

6 “(5) *ADMINISTRATION.*—

7 “(A) *IN GENERAL.*—The Facility shall no-
 8 tify the administrator of the agency primarily
 9 responsible for administering part I of this Act
 10 or the Commodity Credit Corporation, as the
 11 case may be, of eligible purchasers described in
 12 paragraph (1)(B) that the President has deter-
 13 mined to be eligible under paragraph (1), and
 14 shall direct such agency or Corporation, as the
 15 case may be, to carry out the sale, reduction, or
 16 cancellation of a loan pursuant to such para-
 17 graph.

18 “(B) *ADDITIONAL REQUIREMENT.*—Such
 19 agency or Corporation, as the case may be, shall
 20 make an adjustment in its accounts to reflect the
 21 sale, reduction, or cancellation.

22 “(b) *DEPOSIT OF PROCEEDS.*—The proceeds from the
 23 sale, reduction, or cancellation of any loan sold, reduced,
 24 or canceled pursuant to this section shall be deposited in

1 *the United States Government account or accounts estab-*
2 *lished for the repayment of such loan.*

3 **“SEC. 809. TROPICAL FOREST AGREEMENT.**

4 “(a) *AUTHORITY.—*

5 “(1) *IN GENERAL.—The Secretary of State is au-*
6 *thorized, in consultation with other appropriate offi-*
7 *cial of the Federal Government, to enter into a Trop-*
8 *ical Forest Agreement with any eligible country con-*
9 *cerning the operation and use of the Fund for that*
10 *country.*

11 “(2) *CONSULTATION.—In the negotiation of such*
12 *an Agreement, the Secretary shall consult with the*
13 *Board in accordance with section 811.*

14 “(b) *CONTENTS OF AGREEMENT.—The requirements*
15 *contained in section 708(b) of this Act (relating to contents*
16 *of an agreement) shall apply to a Agreement in the same*
17 *manner as such requirements apply to an Americas Frame-*
18 *work Agreement.*

19 “(c) *ADMINISTERING BODY.—*

20 “(1) *IN GENERAL.—Amounts disbursed from the*
21 *Fund in each beneficiary country shall be adminis-*
22 *tered by a body constituted under the laws of that*
23 *country.*

24 “(2) *COMPOSITION.—*

1 “(A) *IN GENERAL.*—*The administering*
2 *body shall consist of—*

3 “*(i) one or more individuals appointed*
4 *by the United States Government;*

5 “*(ii) one or more individuals ap-*
6 *pointed by the government of the beneficiary*
7 *country; and*

8 “*(iii) individuals who represent a*
9 *broad range of—*

10 “*(I) environmental nongovern-*
11 *mental organizations of, or active in,*
12 *the beneficiary country;*

13 “*(II) local community develop-*
14 *ment nongovernmental organizations of*
15 *the beneficiary country; and*

16 “*(III) scientific or academic orga-*
17 *nizations or institutions of the bene-*
18 *ficiary country.*

19 “(B) *ADDITIONAL REQUIREMENT.*—*A ma-*
20 *jority of the members of the administering body*
21 *shall be individuals described in subparagraph*
22 *(A)(iii).*

23 “(3) *RESPONSIBILITIES.*—*The requirements con-*
24 *tained in section 708(c)(3) of this Act (relating to re-*
25 *sponsibilities of the administering body) shall apply*

1 to an administering body described in paragraph (1)
2 in the same manner as such requirements apply to an
3 administering body described in section 708(c)(1) of
4 this Act.

5 “(d) *ELIGIBLE ACTIVITIES.*—Amounts deposited in a
6 Fund shall be used to provide grants to preserve, maintain,
7 and restore the tropical forests in the beneficiary country,
8 including one or more of the following activities:

9 “(1) *Establishment, restoration, protection, and*
10 *maintenance of parks, protected areas, and reserves.*

11 “(2) *Development and implementation of sci-*
12 *entifically sound systems of natural resource manage-*
13 *ment, including land and ecosystem management*
14 *practices.*

15 “(3) *Training programs to strengthen conserva-*
16 *tion institutions and increase scientific, technical,*
17 *and managerial capacities of individuals and organi-*
18 *zations involved in conservation efforts.*

19 “(4) *Restoration, protection, or sustainable use*
20 *of diverse animal and plant species.*

21 “(5) *Mitigation of greenhouse gases in the atmos-*
22 *phere.*

23 “(6) *Development and support of the livelihoods*
24 *of individuals living in or near a tropical forest, in-*

1 *cluding the cultures of such individuals, in a manner*
 2 *consistent with protecting such tropical forest.*

3 *“(e) GRANT RECIPIENTS.—*

4 *“(1) IN GENERAL.—Grants made from a Fund*
 5 *shall be made to—*

6 *“(A) nongovernmental environmental, con-*
 7 *servation, and indigenous people organizations*
 8 *of, or active in, the beneficiary country;*

9 *“(B) other appropriate local or regional en-*
 10 *tities of, or active in, the beneficiary country;*
 11 *and*

12 *“(C) in exceptional circumstances, the gov-*
 13 *ernment of the beneficiary country.*

14 *“(2) PRIORITY.—In providing grants under*
 15 *paragraph (1), priority shall be given to projects that*
 16 *are run by nongovernmental organizations and other*
 17 *private entities and that involve local communities in*
 18 *their planning and execution.*

19 *“(f) REVIEW OF LARGER GRANTS.—Any grant of more*
 20 *than \$100,000 from a Fund shall be subject to veto by the*
 21 *Government of the United States or the government of the*
 22 *beneficiary country.*

23 *“(g) ELIGIBILITY CRITERIA.—In the event that a*
 24 *country ceases to meet the eligibility requirements set forth*
 25 *in section 805(a), as determined by the President pursuant*

1 to section 805(b), then grants from the Fund for that coun-
 2 try may only be made to nongovernmental organizations
 3 until such time as the President determines that such coun-
 4 try meets the eligibility requirements set forth in section
 5 805(a).

6 **“SEC. 810. TROPICAL FOREST FUND.**

7 “(a) *ESTABLISHMENT.*—Each beneficiary country that
 8 enters into a Tropical Forest Agreement under section 809
 9 shall be required to establish a Tropical Forest Fund to re-
 10 ceive payments of interest on new obligations undertaken
 11 by the beneficiary country under this part.

12 “(b) *REQUIREMENTS RELATING TO OPERATION OF*
 13 *FUND.*—The following terms and conditions shall apply to
 14 the Fund in the same manner as such terms and conditions
 15 apply to an Enterprise for the Americas Fund under sec-
 16 tion 707 of this Act:

17 “(1) The provision relating to deposits under
 18 subsection (b) of such section.

19 “(2) The provision relating to investments under
 20 subsection (c) of such section.

21 “(3) The provision relating to disbursements
 22 under subsection (d) of such section.

23 **“SEC. 811. BOARD.**

24 “(a) *ENTERPRISE FOR THE AMERICAS BOARD.*—The
 25 Enterprise for the Americas Board established under section

1 610(a) of the Agricultural Trade Development and Assist-
 2 ance Act of 1954 (7 U.S.C. 1738i(a)) shall, in addition to
 3 carrying out the responsibilities of the Board under section
 4 610(c) of such Act, carry out the duties described in sub-
 5 section (c) of this section for the purposes of this part.

6 “(b) *ADDITIONAL MEMBERSHIP.*—

7 “(1) *IN GENERAL.*—*The Enterprise for the Amer-*
 8 *icas Board shall be composed of an additional four*
 9 *members appointed by the President as follows:*

10 “(A) *Two representatives from the United*
 11 *States Government.*

12 “(B) *Two representatives from private non-*
 13 *governmental environmental, scientific, and aca-*
 14 *demic organizations with experience and exper-*
 15 *tise in preservation, maintenance, and restora-*
 16 *tion of tropical forests.*

17 “(2) *CHAIRPERSON.*—*Notwithstanding section*
 18 *610(b)(2) of the Agricultural Trade Development and*
 19 *Assistance Act of 1954 (7 U.S.C. 1738i(b)(2)), the*
 20 *Enterprise for the Americas Board shall be headed by*
 21 *a chairperson who shall be appointed by the President*
 22 *from among the representatives appointed under sec-*
 23 *tion 610(b)(1)(A) of such Act or paragraph (1)(A) of*
 24 *this subsection.*

1 “(c) *DUTIES.—The duties described in this subsection*
 2 *are as follows:*

3 “(1) *Advise the Secretary of State on the nego-*
 4 *tiations of Tropical Forest Agreements.*

5 “(2) *Ensure, in consultation with—*

6 “(A) *the government of the beneficiary*
 7 *country,*

8 “(B) *nongovernmental organizations of the*
 9 *beneficiary country,*

10 “(C) *nongovernmental organizations of the*
 11 *region (if appropriate),*

12 “(D) *environmental, scientific, and aca-*
 13 *demic leaders of the beneficiary country, and*

14 “(E) *environmental, scientific, and aca-*
 15 *demic leaders of the region (as appropriate),*

16 *that a suitable administering body is identified for*
 17 *each Fund.*

18 “(3) *Review the programs, operations, and fiscal*
 19 *audits of each administering body.*

20 **“SEC. 812. CONSULTATIONS WITH THE CONGRESS.**

21 *“The President shall consult with the appropriate con-*
 22 *gressional committees on a periodic basis to review the oper-*
 23 *ation of the Facility under this part and the eligibility of*
 24 *countries for benefits from the Facility under this part.*

1 **“SEC. 813. ANNUAL REPORTS TO THE CONGRESS.**

2 “(a) *IN GENERAL.*—Not later than December 31 of
3 each fiscal year, the President shall prepare and transmit
4 to the Congress an annual report concerning the operation
5 of the Facility for the prior fiscal year. Such report shall
6 include—

7 “(1) a description of the activities undertaken by
8 the Facility during the previous fiscal year;

9 “(2) a description of any Agreement entered into
10 under this part;

11 “(3) a report on any Funds that have been estab-
12 lished under this part and on the operations of such
13 Funds; and

14 “(4) a description of any grants that have been
15 provided by administering bodies pursuant to Agree-
16 ments under this part.

17 “(b) *SUPPLEMENTAL VIEWS IN ANNUAL REPORT.*—
18 Not later than December 15 of each fiscal year, each member
19 of the Board shall be entitled to receive a copy of the report
20 required under subsection (a). Each member of the Board
21 may prepare and submit supplemental views to the Presi-
22 dent on the implementation of this part by December 31
23 for inclusion in the annual report when it is transmitted
24 to Congress pursuant to this section.”.